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State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

July 14, 2017

Karin Madsen, Resident Agent
West Ridge Resources, Inc.
P.O. Box 910
East Carbon, Utah 84520-0910

Subject: Midterm Completion Response, West Ridge Resources, Inc., West Ridge Mine,
Task ID #5449, C/007/0041

Dear Ms. Madsen:

We received Mr. David Hibbs letter requesting an extension to respond to the outstanding West Ridge Mine bond deficiency identified in the midterm review process. Based on the letter and our discussion with you and Mr. Hibbs on July 11th, 2017, it is our understanding that you are requesting an extension to August 1st, 2017 in which to provide new bonding calculations.

The Division agrees to the extension request on three conditions. The new bond calculations to be submitted on August 1st must be:

- 1) In redline strike-out format (as required by Division policy) and;
- 2) In the spreadsheet format provided to you by Bev Wiser on July 11th, 2017 following our meeting.
- 3) The calculations and methodology will have been discussed with the Division's technical staff prior to their submittal.

As we discussed in our meeting on July 11th, 2017, adequate bond must be maintained at all times in order to maintain your permit and avoid the issuance of a Cessation Order. The Division initially identified the need to revise the posted bond amount in October of 2016. Since that time, the Division has been diligently working with you and your consultant to address the outstanding bond issue. This is noteworthy in that by granting an extension to August 1st, 2017 in order to allow your new consultant to review the bonding calculations, we are essentially beginning a new bond review all over again. As such, it is integral that we resolve this bonding issue as soon as possible. To that end, the Division will make itself readily available to you and your new consultant.



Once our staff (in direct consultation with you and your consultant) is confident that the values, units, volumes etc. are accurate, the Division will calculate the amount of bond required for final reclamation per State of Utah Coal Mining Rules R645-301-812.300, -830 thru - 830.140.

Additionally, this letter serves as notice that as a result of recent revisions to Tech Directive 007, *Calculation Guidelines for Determining Reclamation Bond Amounts* overhead and profit will be required for all phases of reclamation (e.g. demolition, earth work, revegetation) and thus need to be accounted for in the revised bonding calculations. The Division will be sending a notice to all coal operators in the State of Utah outlining the revisions to Tech Directive 007 on July 18th, 2017.

Provided that the aforementioned conditions are met with your August 1st submission of revised bonding calculations, the timeline for response previously established in the June 27th, 2017 Division letter (received by Operator July 3rd, 2017) will be waived and a new timeline will be established for posting the revised bond. If the conditions are not met, you will have until August 4th, 2017 in which to post the previously identified additional \$528,000.00 in bond with the Division.

If you have any questions, please call me at (801) 538-5325.

Sincerely,



Daron Haddock
Coal Program Manager